



Legislative Council Staff

Research Note

Version: House Finance
Date: 4/26/2016

Bill Number

Senate Bill 16-130

Sponsors

Senator Scott
Representative Van Winkle

Short Title

***Methods To Collect Consumer
Use Tax***

Research Analyst

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Status

The bill is currently pending before the House Finance Committee. This research note reflects the reengrossed version of the bill.

Summary

The 2015 Colorado individual income tax form includes lines requiring taxpayers to compute and remit use tax due on purchases made during the 2015 tax year. The bill prohibits the Department of Revenue (DOR) from auditing a taxpayer for any amount reported on one of the use tax lines, and proscribes the inclusion of these lines on individual income tax forms for future tax years. The bill makes appropriations to DOR and the Department of Personnel and Administration to make changes to the tax software program and paper tax forms.

Background

The state has assessed a use tax since 1937. Use tax is levied when the state sales tax is due but was not collected, generally either because the seller was not authorized to collect taxes or because the property was purchased from an out-of-state retailer. When sales tax is not collected, the consumer is responsible for remitting use tax directly to the state.

Under current law, the executive director of the DOR is authorized to collect and compute use tax according to his or her own schedules and systems. The DOR added five new lines to the Colorado individual income tax return for tax year 2015, requiring taxpayers to report and remit use taxes owed to the state and to certain special districts. These lines have not appeared on previous state income tax forms.

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Senate Action

Senate Finance Committee (March 15, 2016). Representatives of DOR testified in opposition to the bill. The bill was referred to the Senate Appropriations Committee.

Senate Appropriations Committee (April 15, 2016). The committee adopted Amendment J.001, which added an appropriations clause to the bill. The bill was referred to the Senate Committee of the Whole.

Senate Second Reading (April 20, 2016). The Senate adopted the Senate Appropriations committee report and passed the bill on second reading with no amendments.

Senate Third Reading (April 25, 2016). The Senate passed the bill on third reading with no amendments.